



Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to implement the Treasury Securities and Agency Debt and Mortgage-Backed Securities Reporting Requirements (FR 2956; OMB No. 7100-NEW). The Board has adopted an implementation timeline with the first reporting under this collection beginning on September 1, 2022.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

Office of Management and Budget (OMB) Desk Officer for the Federal Reserve Board, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

SUPPLEMENTARY INFORMATION: On June 15, 1984, OMB delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. The OMB inventory, as well as copies of the PRA Submission, supporting statements, and approved collection of information instrument(s) are available at <https://www.reginfo.gov/public/do/PRAMain>. These documents are also available on the Federal Reserve Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above.

Final Approval under OMB Delegated Authority of the Implementation of the Following Information Collection:

Report title: Treasury Securities and Agency Debt and Mortgage-Backed Securities Reporting Requirements.

Agency form number: FR 2956.

OMB control number: 7100-NEW.

Frequency: Daily.

Respondents: Depository institutions that meet the reporting thresholds and daily transact in trading of marketable U.S. Treasury securities and the trading of the debt and mortgage-backed securities (MBS) issued by agencies.

Estimated number of respondents: Treasury securities, 10; Agency debt and MBS, 12.

Estimated average hours per response: 3.

Estimated annual burden hours: 16,500.

General description of report: The FR 2956 will collect detailed data on depository institutions' daily transactions of marketable U.S. Treasury securities and of the debt and MBS issued by U.S. federal government agencies including government-sponsored enterprises (agencies). The report will have two parts: Part 1 will collect data on transactions in U.S. Treasury securities, and Part 2 will collect transactions in debt and MBS issued by agencies. Depository institutions subject to reporting under the FR 2956 collection will be required to report all the transaction details, information, and fields as described in the applicable Trade Reporting and Compliance Engine (TRACE) technical documentation, FAQs, and guides located at <https://www.finra.org/filing-reporting/trace>. This information will include, but is not limited to, the Committee on Uniform Securities Identification Procedures (CUSIP) number or similar identifier, the transaction size (volume), price of the transaction, date of trade execution, time of execution, and date of settlement. The Board is adopting an implementation timeline for first reporting under this collection of September 1, 2022.

Reporting transactions will be event-generated and estimated to occur daily. Depository institutions will be required to assess annually whether they meet the reporting criteria. If a depository institution meets the event-generated threshold to report based on the average of its daily transactions from October 1 of the previous year through September 30, the depository institution will be required to begin to report the implemented FR 2956 effective January 1 of the following year and continue reporting such transactions throughout that calendar year.¹ If a depository institution that reports on the implemented FR 2956 falls below the threshold based on the average of its daily transactions from October 1 of the previous year through September 30, the depository institution will be required to continue to report through December 31 of that year but will not be required to report for the next calendar year.

Every national bank, state member bank, state non-member bank, savings association, or U.S. branch and agency of a foreign bank filing a Notice of Government Securities Broker or Government Dealer Activities Form (Form G-FIN; OMB No. 7100-0224) with average daily transaction volumes of over \$100 million for U.S. Treasury securities, or over \$50 million for agency-issued debt and MBS, during the prior fiscal year will be subject to the proposed reporting requirements. Depository institutions subject to the reporting requirements of the adopted FR 2956 will electronically report transactions through the Board's data collection provider, the Financial Industry Regulatory Authority (FINRA), utilizing its Trade Reporting and Compliance Engine (TRACE).

Legal authorization and confidentiality: The FR 2956 is authorized by sections 2A and 11 of the Federal Reserve Act (FRA). Section 2A of the FRA requires that the Board and the Federal Open Market Committee (FOMC) maintain long-run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest

¹ For the initial reporting under FR 2956 beginning on September 1, 2022, depository institutions should assess their transactions from October 1, 2020, through September 30, 2021, to determine whether they will be required to report.

rates.² Section 11 of the FRA authorizes the Board to require reports from depository institutions as it may deem necessary and authorizes the Board to prescribe reports of liabilities and assets from insured depository institutions to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates.³

The obligation to respond to the FR 2956 is mandatory. The information collected through the FR 2956 may generally be considered confidential under exemption 4 of the Freedom of Information Act as confidential commercial or financial information that is both customarily and actually treated as private.⁴

Current actions: On January 21, 2021, the Board published a notice in the *Federal Register* (86 FR 6329) requesting public comment for 60 days on the implementation of the Treasury Securities and Agency Debt and Mortgage-Backed Securities Reporting Requirements. The comment period for this notice expired on March 22, 2021.

Detailed Discussion of Public Comments

The Board received two public comments on the proposed FR 2956. One commenter raised a few technical questions regarding Market Participant Identity (MPID) as applied to reporting depository institutions under this information collection. To provide greater clarity, the Board anticipates FINRA will assign MPIDs to depository institutions subject to TRACE reporting and include these MPIDs in the Participant Master, which is available to all TRACE reporting participants. Depository institutions that are required to report and have a non-FINRA-member subscriber MPID(s) (for contra use only) will be reassigned a reporting MPID, which will be communicated to the corresponding covered alternative trading system(s) (ATS). Depository institutions that operate an ATS and are required to report will receive a reporting

² 12 U.S.C. 225a. Treasury Securities, agency debt, and MBS are an important channel of monetary policy transmission. The information to be collected by the FR 2956 is not available from other sources, and collecting these transaction data will help the Board and FOMC better monitor and interpret fluctuations in supply and demand as well as interest rate movements in these key credit aggregates.

³ 12 U.S.C. 248(a).

⁴ 5 U.S.C. 552(b)(4).

MPID for the ATS distinct from that of a trading desk. Depository institutions that are not required to report and are ATS subscribers will continue to be identified in ATS trade reports using their current MPIDs.

One commenter also questioned whether depository institutions would be eligible to enter into Uniform Service Agreements with broker-dealers and other depository institutions. The Board notes that depository institutions would be required to enter into the Participation Agreement, as do FINRA members, to use the TRACE system. In addition, depository institutions may enter into, and provide to FINRA, a Uniform Services Agreement executed with another depository institution or broker-dealer.

In addition, the Board received two comments on the scope and applicability of the reporting requirement. As explained in the “General description of report” section of this notice, only a depository institution that files a Notice of Government Securities Broker or Government Dealer Activities Form (Form G-FIN; OMB No. 7100-0224) with average daily transaction volumes of over \$100 million for U.S. Treasury debt, or over \$50 million for agency-issued debt and MBS, during the prior fiscal year will be subject to the proposed reporting requirements. Consistent with TRACE reporting by FINRA members and the intent of this collection, reporting institutions will be required to report all Treasury transactions that they are party to, regardless of whether the institution is acting in a dealer capacity or whether activity was with clients inside or outside the United States. The reporting requirements will include all departments or divisions of a reporting institution.

The Board received a comment requesting clarification on the supervisory and enforcement authority of the collection. As explained in the “Legal authorization and confidentiality” section of this notice, section 11 of the Federal Reserve Act authorizes the Board to require reports from depository institutions. This collection is being adopted under that authority and nothing in the proposed information collection alters or modifies the supervisory and enforcement authority of the Federal banking agencies over the depository institutions that

are subject to the reporting. The Board is using FINRA as its data collection provider and utilizing its TRACE platform.

The Board received a comment requesting clarification about the dissemination of Treasury trades as a result of this proposed information collection. The statement about inclusion of depository institution data in TRACE data products available to market participants referred to existing real time and aggregate data products and not the creation of new ones.

The Board also received comments on the implementation timeline and, in particular, how coordinating with FINRA on its own proposed changes would be beneficial. Commenters noted the importance of enough lead time prior to reporting to allow for systems to be implemented or updated as needed. The Board understands the balance between minimizing compliance burdens on depository institutions as well as the critical need to gain insight into this segment of the Treasury securities and agency-issued debt and MBS markets. As a result, the Board intends to provide appropriate lead time to permit depository institutions the necessary time to prepare before the initial reporting under this collection will be required. In addition, the Board anticipates that any modifications adopted by FINRA and incorporated in the Board's reporting requirement in the future will also provide ample lead time to prepare to comply with any proposed modifications. In response to these comments, the Board is adopting an implementation timeline for first reporting under this collection of September 1, 2022.

Board of Governors of the Federal Reserve System, October 21, 2021.

Michele Taylor Fennell,

Deputy Associate Secretary of the Board.

Billing Code 6210-01-P